

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/26)
BUTTER: Grade AA closed at \$1.7000. The weekly average for Grade AA is \$1.6958 (+.0075).

CHEESE: Barrels closed at \$1.4800 and blocks at \$1.4700. The weekly average for barrels is \$1.4800 (+.0305) and blocks, \$1.4625 (+.0150).

BUTTER: Butter markets are unsettled as the cash price continues to move higher and lower. Cream supplies across the country have tightened. Although butterfat levels in incoming milk are lower than usual for this time of the year, butter producers anticipate that standardized cream volumes will become more available in coming weeks as school bottling schedules resume. U.S. *Cold Storage* holdings of butter at the end of July total 174.5 million pounds, down 10% (19.0 million pounds) from last year and 3% from last month. This total is the lowest July total in four years. Many producers and handlers continue to report that current churning schedules are often not keeping pace with demand, thus inventoried stocks are supplementing the shortage. Butter handlers have mixed opinions as to the supply/demand balance for the remainder of the year. Many are hopeful that fall production will be heavy enough to bridge the gap needed to maintain a supply/demand balance. Overall butter demand is fair. Retail sales and food service orders are mostly steady. As the Labor Day holiday weekend nears, restaurants and food service establishments in resort and vacation areas of the country typically see business fall off after the holiday as the unofficial summer vacation period comes to a close.

CHEESE: The cheese market is firm, but there continues to be some unsettledness. Many contacts are a little uncomfortable with the barrel/blocks price inversion. The CME cash price for barrels has been higher than blocks for eight sessions. Cheese production is mixed, but generally lower as more milk moves into Class I channels. Also, contacts continue to talk about the low yields coming from the milk supply (see Page 11 of this report). Demand for cheese is improving seasonally on mozzarella, Swiss, and occasionally cheddar. Cheese offerings range from tight to adequate with barrels in the tightest position.

FLUID MILK: Nationwide, bottled milk orders are increasing as school milk programs are being filled. Retail orders are steady to higher as home buying patterns adjust to school starting. Milk production in the East is holding steady, but hotter conditions in the Southeast are causing milk to decline. In the Northeast, milk is steady. Florida output is lower and they have had to supplement local shortages with double the loads of last week. Part of the increase is school related. Another hurricane is pestering the state and typically milk buying is affected, especially where power is out. Hot and humid weather in the Gulf States is causing milk to decline. In the Upper Midwest, the milk flow rebounded slightly as temperatures cooled. Continued hot weather in the South Central region is not allowing much change in milk output. Processing plants have enough milk for current production needs. Components in the milk remain lower than expected. Seasonal milk production declines are common in the Pacific Northwest. Volumes entering processing plants are lower as school needs increase. Milk solids are better than in other regions. Cooler weather in Utah and Idaho is lowering the stress

levels on cows and milk is improving. Weather conditions have benefited milk receipts in California. Some areas are seeing hot conditions return. Rains in New Mexico have caused declines in milk production. Milk shipments are moving as projected and also filling needs in the Southeast.

DRY PRODUCTS: Nonfat dry milk prices are steady to higher and reflect higher basing points. Supplies are adequate for current needs and there are offerings available from resellers. There are sellers' expectations that exports will continue to be active in coming months. Dry buttermilk prices are mostly steady. Supplies and demand are in good balance. Production has been lighter to steady and matching available condensed solids. Dry whey prices are often higher. Demand is good and clearing available supplies. Production is mixed, depending on milk entering cheese plants. WPC market prices are lower and the market tone weak. Offerings are available and buyers are cautious about making purchases with the additional supplies on the market. Lactose prices are holding steady with indications that spot trades are showing slight increases. Export and domestic accounts are active.

CCC: During the week of August 22 - 26, there was no price support activity.

COLD STORAGE (NASS): On July 31, U.S. cold storage holdings of butter totaled 174.5 million pounds, 2.9% less than a month ago and 9.8% lower than last July. Natural American cheese holdings total 599.4 million pounds, 3.1% more than a month ago, but 2.7% less than a year ago. Total cheese stocks total 831.5 million pounds, 2.1% higher than at the end of June, but 5.0% less than July 2004.

SEPTEMBER FEDERAL MILK ORDER ADVANCE PRICES (DAIRY PROGRAMS): Class I Base Price - Under the Federal milk order pricing system, the Class I base price for September 2005 is \$13.70. This price is derived from the advanced Class III skim milk pricing factor of \$7.71 and the advanced butterfat pricing factor is \$1.7872. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Class II Price Information - The advanced Class IV skim milk pricing factor is \$7.30. Thus, the Class II skim milk price for September is \$8.00 per cwt., and the Class II nonfat solids price is \$0.8889. Product Price Averages - The two-week product price averages for September are: butter \$1.6043, nonfat dry milk \$0.9594, cheese \$1.4449, and dry whey \$0.2843.

SEPTEMBER ANNOUNCED COOPERATIVE CLASS I PRICES (DAIRY PROGRAMS): For September 2005, the all-city average announced cooperative Class I price was \$17.89, \$1.66 higher than the Federal milk order Class I price average for these cities. The September cooperative Class I price was \$.61 lower than the August price, while the Federal order price was \$.74 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.08 in Miami, FL. For September 2004, the all-city average announced cooperative Class I price was \$18.05, \$1.58 higher than the Federal order Class I price average for these cities.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY AUGUST 22	TUESDAY AUGUST 23	WEDNESDAY AUGUST 24	THURSDAY AUGUST 25	FRIDAY AUGUST 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	(N.C.)	\$1.4800 (+.0305)
40# BLOCKS	\$1.4700 (N.C.)	\$1.4625 (-.0075)	\$1.4400 (-.0225)	\$1.4700 (+.0300)	\$1.4700 (N.C.)	(N.C.)	\$1.4625 (+.0150)
BUTTER GRADE AA	\$1.6950 (-.0025)	-----	\$1.6925 (-.0025)	-----	\$1.7000 (+.0075)	(+.0025)	\$1.6958 (+.0075)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 22, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 13 CARS GRADE AA: 1 @ \$1.6975, 1 @ \$1.7000, 1 @ \$1.6975, 1 @ \$1.6950, 5 @ \$1.7000, 2 @ \$1.6925, 2 @ \$1.6950; BIDS UNFILLED: 10 CARS GRADE AA: 3 @ \$1.6925, 1 @ \$1.6900, 4 @ \$1.6700, 2 @ \$1.6600; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.7000, 1 @ \$1.7100, 1 @ \$1.7200

TUESDAY, AUGUST 23, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.4800; 2 CARS 40# BLOCKS @ \$1.4700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.4625, 1 @ \$1.5000

WEDNESDAY, AUGUST 24, 2005

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.4400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.4475, 1 @ \$1.4500

BUTTER — SALES: 13 CARS GRADE AA: 5 @ \$1.6950, 2 @ \$1.6925, 1 @ \$1.6950, 1 @ \$1.6925, 1 @ \$1.6950, 1 @ \$1.6925, 1 @ \$1.6950, 1 @ \$1.6925; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.6925, 1 @ \$1.6900, 2 @ \$1.6875, 2 @ \$1.6850; OFFERS UNCOVERED: NONE

THURSDAY, AUGUST 25, 2005

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.4625; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4800; 1 CAR 40# BLOCKS @ \$1.4700; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 26, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.4800; 1 CAR 40# BLOCKS @ \$1.4700; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4800; OFFERS UNCOVERED: NONE

BUTTER — SALES: 19 CARS GRADE AA: 2 @ \$1.6925, 1 @ \$1.6950, 6 @ \$1.7000, 1 @ \$1.7050, 2 @ \$1.7000, 2 @ \$1.7025, 2 @ \$1.7000, 1 @ \$1.7025, 1 @ \$1.7050, 1 @ \$1.7000; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$1.7000, 1 @ \$1.6975, 2 @ \$1.6925, 2 @ \$1.6700; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**JULY COLD STORAGE**

According to NASS, July month-ending cold storage figures for butter total 174.5 million pounds, 9.9% less than last July and 2.9% less than June 2005.

NORTHEAST

The butter market remains unsettled. The cash price at the CME through August 22 has alternated increases and decreases for the past eight sessions. The trade seems reluctant to push through the \$1.70 level for an extended period of time. Monday's Cold Storage report shows butter stocks at the end of July to be 2.9% less than a month earlier and 7.3% less than a year ago. These figures may trigger some upward price movement, but many contacts still feel that the cash price won't respond "that much" to this report. The CME announced that they will, on September 19, launch futures for a new dairy contract. Contacts wonder what impact the new electronic, cash-settled butter futures will have on the cash market. Churning activity remains light in the East. Demand for bulk butter is fair. Stocks of bulk and packaged butter are adequate to cover current needs. Retail sales and food service orders are mostly steady. However, with Labor Day fast approaching, restaurants along the Eastern Shore typically see business fall off after the holiday weekend. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter market continues to adjust higher and lower within a narrow range and settled at \$1.6925 at midweek. Producers indicate that cream supplies have tightened to the point that churning activity is often lighter than desired at many operations. Although butterfat levels in incoming milk are lower than usual for this time of the year, producers anticipate that standardized cream volumes will become more available in coming weeks as school bottling schedules resume. Butter demand is fair at best. The July *Cold Storage* report has some

producers and handlers concerned about not having sufficient volumes of butter for year end needs. Others feel that early fall production will hopefully be heavy enough to bridge the gap needed to maintain a supply/demand balance. Retail and food service orders are fair for this time of the season. Retail stores are preparing for typical early fall sales when at home eating patterns resume as the summer vacation season comes to a close and schools resume classes. Food service orders are trending lower, reflecting the end of the summer vacation season. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME continue to gyrate higher and lower from session to session. Demand is beginning to return to fall buying patterns. More schools are returning to their fall schedules every day. As more milk gets standardized for school lunch programs, more cream should become available. Cream supplies are tight. Fat tests for June and July in all Federal Orders (see page 11) are sharply lower than the past two years. This is contributing to the tight cream supplies nationwide. U.S. *Cold Storage* holdings of butter at the end of July total 174.5 million pounds, down 10% (19.0 million pounds) from last year and 3% from last month. This total is the lowest July total in four years. Quota imports of butter through the first seven months of the year total 10.2 million pounds, 8.7% behind last year. Imports have reached 66% of the annual total. Imports of High-Tier butter (above quota with a penalty) stand at 401,000 pounds compare to 15.9 million pounds last year through seven months. CME weekly warehouse stocks declined by 2.18 million pounds last week to stand at 84.6 million pounds. Stocks trail last year by 14.7 million pounds. Bulk butter prices range from 1 cent under to 4 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE				
	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
		38% MOISTURE			
WEEKENDING					
AUGUST 20	1.3881	1.3835	0.9611	1.6492	0.2894
	7,577,003	10,957,293	16,202,613	3,037,523	9,989,118

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally higher and the market tone is firming. Northeastern cheese output is steady to slightly higher as some producers step up output in preparation of anticipated fall/school-year needs. As colleges get back in session, mozzarella sales are improving and producers have added shifts and/or days to their production runs. Cheddar sales are little changed and production is mostly steady. Retail sales are little changed from past weeks and food service orders are fair to good. The Labor Day weekend is at hand and resort area restaurant owners are gearing up for the big weekend, but at the same time, they expect business to decline after the holiday.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5275-2.0475
Cheddar Single Daisies	:	1.4850-1.9600
Cheddar 40# Block	:	1.5875-1.8575
Process 5# Loaf	:	1.6600-1.8675
Process 5# Sliced	:	1.6800-1.9050
Muenster	:	1.6000-1.8025
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is about steady, though unsettled. Orders for Labor Day weekend needs have been shipped. Current barrel supplies for immediate shipment are hard to acquire though orders can be made for later shipment. Current cheddar block supplies are adequate with many operations centering production on other American styles such as Colby/jack and pepper jack. Overall natural orders are average from most retail and food service accounts. Process demand is fair to good with some operations still busy with making supplies for the government (school) shipments. Mozzarella interest continues to improve seasonally. Bottlers are increasing milk requirements as additional schools reopen this week and next. Milk intakes have stabilized and occasionally rebounded as temperatures have moderated. Yields have shown little recovery.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6500-1.9700
Brick And/Or Muenster 5#	:	1.9800-1.9975
Cheddar 40# Block	:	1.7975-2.2650
Monterey Jack 10#	:	2.0300-2.2650
Blue 5#	:	2.2925-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6250-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8700

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
08/22/05	45,122	:	146,284
08/01/05	50,862	:	149,286
CHANGE	-5,740	:	-3,002
% CHANGE	-11	:	-2

WEST

In the last few weeks, cash block cheese prices at the CME have been as low as \$1.3575 and now stand at \$1.44 after declining 3 cents this week. Prices continue to move both higher and lower. Demand for both barrels and blocks are excellent. Barrels are in the tightest position. Most producers indicate that they will have nothing extra until October. Processing solids are also tight. Current blocks are moving well. Aged cheese in the six month range is very hard to find. Mozzarella interest is improving as more schools and colleges open for the fall term. Swiss stocks are in good shape as production is expected to increase this fall. U.S. Cold Storage stocks of American cheese at the end of July total 599.4 million pounds, down 3% (16.5 million pounds) from last year. Swiss stocks are 23.1 million pounds, down 17% (4.9 million pounds) from 2004. Quota imports of cheese for the first seven months of the year totals 158.9 million pounds, up slightly from the same period last year. Imports stand at 53% of the annual total. High-Tier imports of cheese (above quota and with a penalty) totals 14.4 million pounds, down 53% from the same period in 2004. Prices have not been high enough to cover the freight and penalty costs to bring in heavy volumes. Protein tests in all Federal Orders early this year through May were in good shape with historical patterns. In June and July, however, tests declined sharply below the last two years (see page 11). This tends to confirm the anecdotal reports that cheese yields have been below expectations this summer.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6025-1.8600
Cheddar 40# Block	:	1.5675-1.9200
Cheddar 10# Cuts	:	1.7475-1.9675
Monterey Jack 10#	:	1.7575-1.9175
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are sharply higher on domestic items as the CME cash price for 40# blocks has increased from \$1.36 on August 1 to the current trading level of \$1.47. The market tone is typical for this time of year. Distributors are gearing up for some improved interest after the school year begins. Current sales are seasonally slow. Recent reports indicate that imports of cheese, subject to licensing, during the first seven months of 2005 totaled 72.112 million Kg, 1.8% more than the same time last year. During that same period, imports of high-tier cheese totaled 6.513 million Kg, 53.2% less than a year ago.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-4.6300 : 1.8400-3.3300*
Gorgonzola	:	3.6900-6.0900 : 2.3525-2.4900*
Parmesan (Italy)	:	TFEWR : 3.2550-3.3625*
Romano (Italy)	:	2.1000-3.1900 : -0-
Provolone (Italy)	:	3.4400-6.0900 : 1.8425-2.0775*
Romano (Cows Milk)	:	-0- : 3.0375-5.1825*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	3.1200-4.1500 : -0-
Swiss Cuts Switzerland	:	-0- : 2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.5600 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	223	0	113	0	225	0
SOUTHEAST STATES	91	0	91	0	40	0

The base price for Class I milk for September 2005 is \$13.70, down \$0.74 from August. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for September is \$8.00, up \$.19 from August. Milk production is mostly steady in the East, but declines are more prevalent in the Southeast where it remains hot. Butterfat and protein tests on the incoming milk remain low throughout the region. In the Northeast, the milk flow is mostly steady, but improving Class I and III demand is tightening surplus volumes. Bottlers will be starting to refill the school lunch pipelines this weekend and into next week. Also, some cheese makers, particularly mozzarella, are adding shifts to their production schedules. In the Middle Atlantic area, schools have started and bottlers are taking more milk. Manufacturing plant contacts in this area report that milk receipts are lower due to improved Class I demand. In the Southeast, schools are back in session and bottlers are ordering heavy to fill their needs. This was evident in Florida where milk imports were double last week's volumes. Also, Florida is preparing for another hurricane as Tropical Storm Katrina strengthens and heads toward Southern Florida. Milk production in most Gulf Coast states is lower due to continued hot, humid weather. Milk volumes are being imported to meet Class I needs as well as surplus milk moving into regional manufacturing plants to help out the Southwest which is long on milk. Trucks, truckers, and fuel charges are becoming more of a factor in milk, cream, and condensed skim movement and price. The condensed skim market is little changed. Contacts indicate that spot orders are slow to fair and supplies are readily available. With NDM prices inching higher, some producers wonder if users will switch back to wet solids in the coming months. The fluid cream market is firm. Supplies are tight throughout the week. Recently, cream volumes were more readily available on weekends and tight at mid-week. Spot prices are mixed as the low end of the multiple-range increased and the high end decreased slightly. Spot demand is good and, at times, unsatisfied. Bottlers have more cream from their standardizing, but butter/powder plants have less because the milk is going into Class I channels. Cream cheese production is steady and some producers are looking for spot cream to supplement contracted volumes. Ice cream production is mixed, mostly steady. Soft serve mix producers are slowing output to match orders. Soft serve and dipping stores along the Shore are beginning to work down inventories ahead of the Labor Day weekend. They do not want too much inventory leftover after the holiday which marks the end to their "season." Churning activity is light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2623-2.4480
DELIVERED EQUIVALENT ATLANTA	-	2.2961-2.4818 M 2.3130-2.3974
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.1948-2.3974

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- 1.0800-1.1400

M I D W E S T

Cooler weather covered much of the Upper Midwest this week and milk production rebounded slightly in many areas. Hot weather continues in the South Central region and the milk flow is holding mostly steady. Fluid milk supplies range from light to ample, but increasing Class I demand as more schools reopen is pulling milk away from manufacturing plants. However, contacts report that surplus milk volumes are heavier than expected. Typically during August in the Upper Midwest, surplus milk supplies are tight and buyers are trying to find extra loads. That does not seem to be the case this

year. With milk production running ahead of year-ago levels, everyone seems to have enough milk. The spot sales that are noted are selling between \$1.00 – 1.75 over Class, f.o.b. Fuel charges continue to pose problems for haulers and most are adding surcharges to cover their increasing costs. Component levels are still low in all portions of the region. Class I milk demand is best in the South where most schools are back in session. Schools in the more northern states are slated to reopen next week or the first week of September and bottlers are gearing up for those improved orders. Cream demand is still quite good and offerings range from tight to barely adequate. However, some ice cream producers are winding down from peak, summer levels. Labor Day typically marks the end of summer and ice cream consumption tends to tail off from July and August levels. Spot cream prices are a little lower this week and the average butter price at the CME cash butter market declined fractionally last week. Churning activity is moderate.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 49.00- 54.00	\$ 53.00- 58.00
REPLACEMENT HEIFER CALVES	\$300.00-700.00	\$350.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 56.50	\$ 54.00- 60.00

W E S T

CALIFORNIA milk production ranges from mostly steady to higher. Milk solids are also increasing. Weather conditions have generally cooled from recent hot temperatures and cows have responded. There are areas in the Central Valley where temperatures have topped 100 degrees and this could again stress the cows. Recoveries have also been noted in the northern milk producing areas. Bottlers have been active in the state as more schools and colleges return from vacations. There are slight increases noted in retail orders too. Rains in NEW MEXICO have been active and led to milk production declines at the farm level. Temperatures have mainly been near normal and generally not a factor. Supplies are being handled in normal fashion. Bottlers are taking additional milk to fill school and retail needs. Milk shipments to normal local and out of area accounts continue to be used to find homes for the area milk supply. The new plant in Clovis remains on schedule for opening this fall. The CREAM market is steady to firm. Supplies have tightened over the last week with spot offerings lighter than expected. Additional cream generated by standardizing at fluid plants is being absorbed. The CME butter price continues to bounce around in a tight range and closed on Wednesday, August 24, at \$1.6925, up 3.25 cents since last week. There remains good demand from butter producers who want to gain stocks ahead of the holidays. Buying interest is also good from other cream accounts. Western FOB multiples are trending higher and range from 120 to 132, and vary depending on class usage and basing point. Manufacturing plants in the PACIFIC NORTHWEST are seeing less milk as school needs absorb additional supplies. Also, milk is declining at more locations on a seasonal basis. The solids content of the milk in the region is not as bad as in some parts of the country. Some contacts are noting a hint of fall in the air. Hay continues to be harvested and the recent cutting is of better quality than some of the earlier ones. Export sales are absorbing a very good volume of hay and will be shipping shortly. Dairies see this as another factor tightening up the market for any type of dairy hay. Much cooler weather is noted in UTAH and IDAHO. Days are still warm, but nights have cooled off quite a bit. The stress on the dairy herds is much reduced. Some shower activity was noted last week and this week. Some contacts are noting that tests on milk receipts are improving somewhat. Hay growers are finishing their second or third cuttings depending on how they manage their alfalfa.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a mixed market. Milk is heavier than anticipated for this time of year, encouraging production of low heat NDM. However, as school sessions commence, more fluid milk is moving into bottling facilities, reducing milk supply movement into NDM dryers. Demand is mostly contractual with prices trending higher with the NASS pricing series. A few spot loads are noted in the trade from custom dryers at prices slightly below the average. Some traders suspect the market will begin to weaken in response to reduced cheese maker interest and heavier milk supplies. Others anticipate that the market will continue to trend firm as excess production is expected to be readily cleared into export markets. High heat supplies are limited for the good interest.

EAST: Prices moved higher this week as the price index used by the major producer moved sharply (1.22 cents) higher last week. The market tone is unchanged. Production levels in the Northeast are often lighter as surplus milk supplies reflect improving Class I demand and lower milk production. In the Southeast, milk supplies have tightened, but surplus milk from the Southeast is keeping some plants full of milk. Typically, most Eastern producers do have powder stocks to offer. Traditionally, milk supplies dried up during summer and Eastern powder stocks ran out until late fall. This year milk production has held above year ago levels and, for most plants, stocks are often longer than expected. Conversely, there are operations that are scrambling to make enough powder to keep pace with orders and they have nothing to offer on the spot market. With this "extra" powder in the East, reports indicate that Eastern producers are in much better balance than some Western plants. Demand is just fair as buyers are often shopping for the best deals, if there are any to be found. Some producers are urging buyers to pick up purchased loads in a timely manner. Medium and high heat powders remain in the shortest supply.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9800 - 1.0450 MOSTLY: .9900 - 1.0150
HIGHHEAT: 1.0200 - 1.1000

NONFAT DRY MILK - WEST

Western low/medium prices range from steady to higher and often reflect higher basing points than market conditions. Some suppliers are having trouble clearing product as prices rise. Powder supplies vary from light to moderate levels from producers and product is available from resellers. Current production is steady to higher to process additional milk solids. School lunch milk orders are higher which is taking condensed for standardizing fluid milk in California. Condensed and nonfat dry milk usage in cheese production remains slow. Exports are lighter than recent months, but suppliers are notifying domestic customers to cover needs in the next few months because they expect exports to clear bigger volumes of powder. Medium heat production has been light in recent months, but expected to pick up with new export orders. The Mexican tariff on blends does not apply to either NDM or SMP. The high heat market prices are higher. Demand is good for the current limited supplies. Some producers are not making additional high heat despite orders. Stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9300 - .9800 MOSTLY: .9350 - .9750
HIGHHEAT: .9700 - 1.0100

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 19	\$.9437	7,156,569	0
August 12	\$.9410	5,686,004	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a steady market. Sellers at the low end of the range find it difficult to believe that trade could be occurring as high as \$1.0450 whereas those sellers trading at \$1.0450 find it difficult to believe trades as low as \$0.9500. Traders expect prices to remain steady with prices reported near the average. Demand is very light for dry buttermilk. Production of dry buttermilk is steady to slightly higher as cream supplies become more available from milk bottling plants. Class II condensed buttermilk demand remains fairly good.

F.O.B. CENTRAL: .9500 - 1.0450

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone is unchanged. Northeastern prices remain nominal. Churning activity continues to decline as cream volumes tighten. Improved demand and lower butterfat content in the milk are factors in the tighter supply of excess cream available to churns. Demand for liquid buttermilk is holding at fairly good levels. Producer stocks are balanced and demand is fair.

F.O.B. NORTHEAST: .9500 - 1.0050
DELVDSOUTHEAST: .9800 - 1.0600

DRY BUTTERMILK - WEST

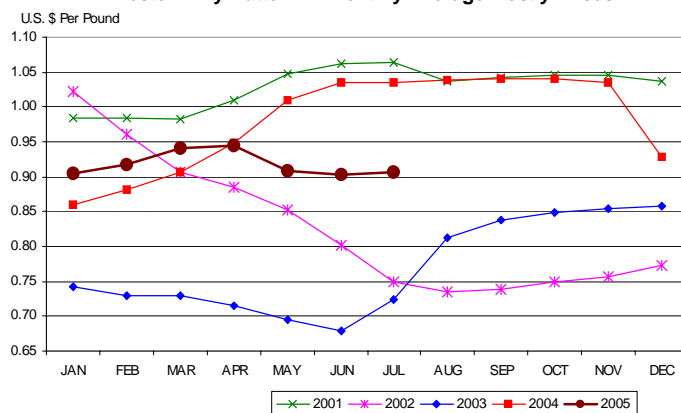
Dry buttermilk prices in the West are mostly steady to slightly higher. Trading activity is seasonally light and spot trades are limited. Demand from some bakery accounts is higher, but not all producers are seeing changes in buying interest. The current production picture is mostly steady. Churning activity has not changed much in recent weeks and there has been ample drying time to handle the buttermilk solids needing to be processed. Current stock levels are mostly light to moderate.

F.O.B. WEST: .9150 - .9650 MOSTLY: .9150 - .9200

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. Production levels are light and plant stocks closely balanced. Demand is just fair. There are continued reports of imported whole milk powder being offered at prices below the bottom of the range.

F.O.B. PRODUCING PLANT: 1.3125 - 1.4900

Western Dry Buttermilk Monthly Average Mostly Prices

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Most trade is contractual with limited spot supply availability. Some contracted loads are being delayed due to supply shortages whereas most contracts are fully satisfied. Production is steady to slightly higher due to heavier than anticipated milk supplies into some cheese vats. While tight whey supplies are expected to persist in the short-term, some traders expect that the market cannot maintain at this level, especially if alternative international supplies or reduced international demand seasonally occur this fall. The last time whey prices were at this level at this time of the year was in 1998 and 2001, both milk production deficit years. Milk replacer quality whey supplies are available for the light to fair interest at steady prices. July veal production totaled 12.4 million pounds, 7% below July a year ago. Calf slaughter totaled 58,600 head, down 15% from July 2004. July pork production totaled 1.51 billion pounds, down 5% from the previous year. Hog kill totaled 7.66 million head, 5% below July 2004.

F.O.B. CENTRAL: .2825 - .2975 MOSTLY: .2825 - .2975
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2500 - .2675

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher. The Northeast's prices are nominal. The market tone is relatively unchanged. Stocks direct from producers are getting tighter and traders' inventories are also reportedly dwindling. Production levels are lighter in the East as some cheese plants have had to reduce operating schedules due to a decline in milk receipts. These producers are reassessing projected availability for the last quarter of 2005 and the first quarter of 2006. Demand remains relatively unaggressive, but producers and traders report that they are getting more inquiries. Some buyers are showing more interest, but most sales are contract, not spot.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2875 - .3050
DELVD SOUTHEAST: .3075 - .3325

DRY WHEY - WEST

The Western mostly price for whey continues to hold steady and the range prices moved higher on the top side. The Western market continues to operate in a balanced position. Domestic users are able to get the whey they order in a timely fashion. Sometimes they are able to get an extra load if needed, but often with some delays. Export sales continue to occur at a steady pace. Stocks appear to be closely balanced with demand. Production varies somewhat, but it is often declining seasonally.

NONHYGROSCOPIC: .2900 - .3400 MOSTLY: .3000 - .3200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Trade activity is light to fair. Some buyers are hesitant to make purchases until the market settles as prices are anticipated to continue to trend lower. Others are haggling deals for the outlying weeks on Extra Grade 34% and high protein products. Sellers are generally not reporting the market as weak yet offerings to buyers and brokers are noted at a discount or on a "make a bid" basis. Condensed WPC sales are reduced, encouraging increased 34% production via custom dryers. Production of WPC 34% sourced from Argentina and possibly Oceania may be a factor in US WPC 34% prices later this fall. Grade A supplies are tight and short of buyer interest. Off grade supplies are available and trading at prices below the range.

F.O.B. EXTRA GRADE 34% PROTEIN: .8600 - .9150 MOSTLY: .8650 - .9000

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Although most trade is contractual, spot trades reported are generally trending higher. Inquiries are noted from Asian buyers and candy makers. Feed interest remains fairly good as a low cost alternative to dry whey or permeate. Lactose production is steady to slightly higher due to heavier than anticipated milk intakes at some cheese plants. Supplies are reported as tight.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1875 - .2300 MOSTLY: .1900 - .2100

CASEIN - NATIONAL

Casein markets remains basically steady at unchanged prices. Stocks of casein for domestic needs range from in balance to short. European sourced supplies appear to be in the best position. Their production season is winding down, but has been quite strong. Suppliers indicate that they have product available for immediate and future deliveries. Oceania's stock position is quite different. Supplies are limited as they await the start of their new production season. Milk production is just starting to gain some momentum. It is still too early in the season for any official production reports, although producers and handlers are optimistic about the upcoming 2005 - 2006 season.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

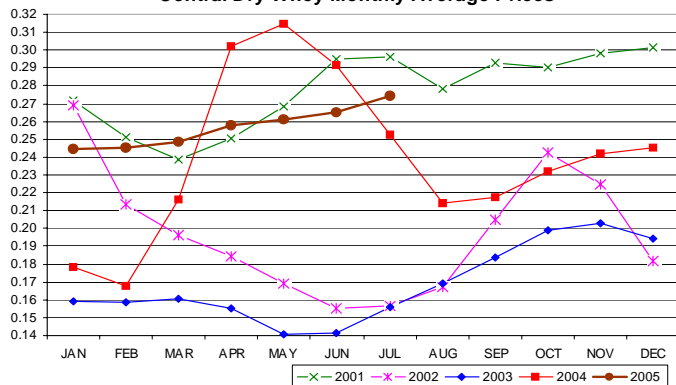
EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are about steady. Surplus milk volumes, though spotty, are readily available to producers. Retail demand is slow to fair. On August 24, the Kansas City Commodity Office announced the rejection of all bids and the cancellation of Invitation 850 to Announcement EVD1 due to funding availability. The Food and Nutrition Service has requested for Farm Service Agency to seek alternatives to acquire evaporated milk. This invitation may be reissued at a later date.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

U.S. \$ Per Pound **Central Dry Whey Monthly Average Prices**



MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	JUNE 30, 2003	JUNE 30, 2004	REVISED JUNE 30, 2005	JULY 31, 2003	JULY 31, 2004	JULY 31, 2005
Butter	301,425	189,183	179,652	283,879	193,520	174,488
Cheese, Natural American	549,984	590,544	581,402	552,455	615,904	599,410
Cheese, Swiss	26,042	23,958	22,737	28,896	28,012	23,147
Cheese, Other Natural	224,072	227,545	210,607	227,612	226,086	208,927
Total Cheese	800,098	842,047	814,746	809,085	874,853	831,484

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS

Butter	10,779	155	177	11,183	136	113
Natural American Cheese	3,757	8,658	454	6,141	7,077	546

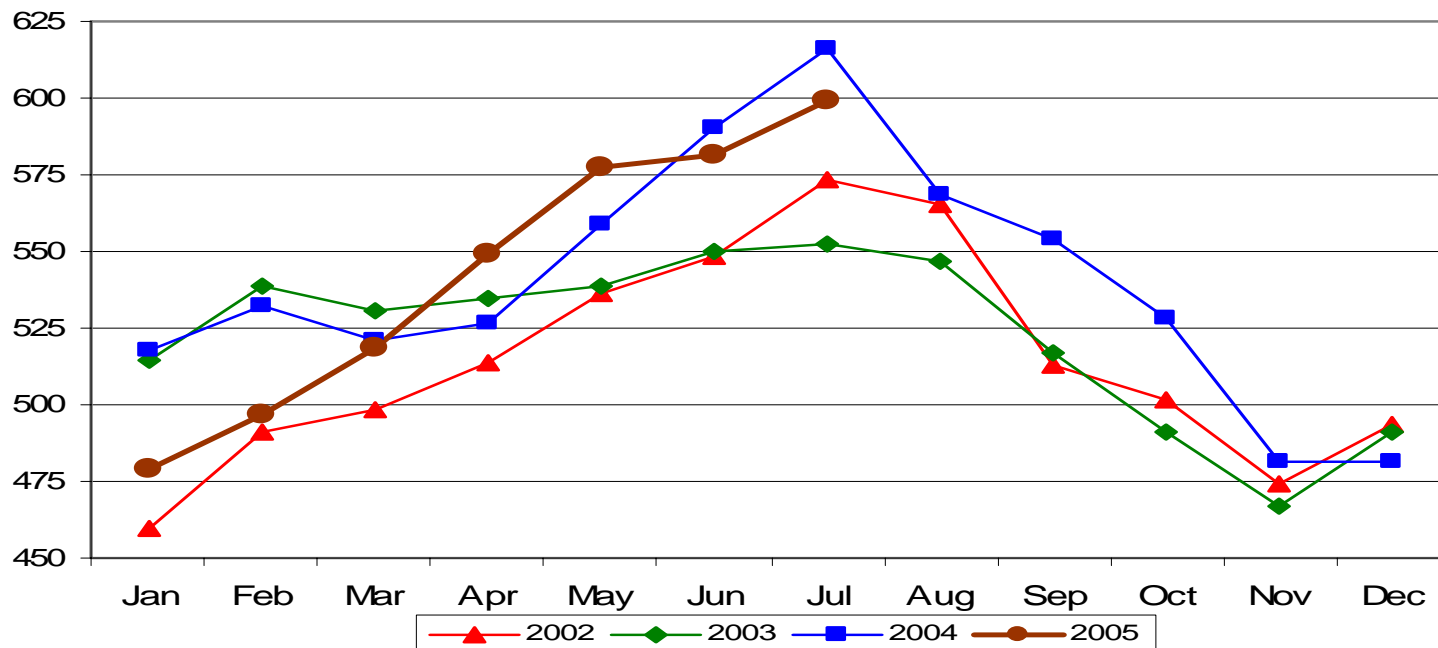
JULY STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
New England	22,324	26,935	24,776	---	---	---	328	442	57
Middle Atlantic	54,530	64,872	54,115	---	---	---	17,981	19,614	12,909
East North Central	217,977	238,848	246,861	---	---	---	132,063	126,711	122,229
West North Central	140,622	138,640	135,246	---	---	---	57,392	56,660	53,730
South Atlantic	130	7,176	7,281	---	---	---	2,300	109	113
East South Central	161	94	147	---	---	---	1,860	2,487	2,581
West South Central	3,260	5,933	5,030	---	---	---	138	80	132
Mountain	19,397	33,228	40,205	---	---	---	2,201	5,761	3,124
Pacific	94,054	100,178	85,749	---	---	---	13,349	14,222	14,052
TOTAL	552,455	615,904	599,410	283,879	193,520	174,488	227,612	226,086	208,927

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

AMERICAN CHEESE COLD STORAGE



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2004 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Million Pounds						Million Pounds						Million Pounds					
January	77	152	77	151	<u>3/</u>	1	479	518	475	508	4	10	440	945	83	109	357	836
February	111	159	111	158	<u>3/</u>	1	497	533	494	523	3	10	374	896	79	95	296	800
March	132	158	132	158	<u>3/</u>	1	518	521	517	511	2	10	321	841	84	80	236	761
April	165	156	164	155	<u>3/</u>	<u>3/</u>	549	526	547	517	2	10	276	826	108	104	168	723
May	178	179	178	178	<u>3/</u>	<u>3/</u>	578	559	577	549	1	10	259	814	113	123	147	691
June	180	189	179	189	<u>3/</u>	<u>3/</u>	581	591	581	582	3/	9	NA	774	117	146	NA	628
July	174	194	174	193	3/	<u>3/</u>	599	616	599	609	1	7		755		161		594
August		161		161	<u>3/</u>			569		562		7		716		149		567
September		133		133	<u>3/</u>			554		547		6		650		127		523
October		107		107	<u>3/</u>			528		521		7		602		116		486
November		57		57	<u>3/</u>			481		476		5		552		94		458
December		45		45	<u>3/</u>			481		476		5		512		99		413

NA = Not available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 2003	Jun 30, 2004	Jun 30, 2005	Jul 31, 2003	Jul 31, 2004	Jul 31, 2005
	Thousand Pounds					
Butter	290,646	189,028	179,475	272,696	193,884	174,375
Natural American Cheese	546,227	581,886	580,948	546,314	608,827	598,864

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (8-05) and "Dairy Products," Da 2-6 (8-05), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for September 2005 is \$13.70 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.71 and the advanced butterfat pricing factor is \$1.7872. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$7.30. Thus, the Class II skim milk price for September is \$8.00 per cwt., and the Class II nonfat solids price is \$0.8889. **Product Price Averages** - The two-week product price averages for September are: butter \$1.6043, nonfat dry milk \$0.9594, cheese \$1.4449, and dry whey \$0.2843.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/ 2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	August 2005		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	16.95	10.96	1.8197
Appalachian (Charlotte) <u>5/</u>	005	16.80	10.81	1.8182
Southeast (Atlanta) <u>6/</u>	007	16.80	10.81	1.8182
Florida (Tampa) <u>7/</u>	006	17.70	11.71	1.8272
Midwest (Cleveland) <u>8/</u>	033	15.70	9.71	1.8072
Upper Midwest (Chicago) <u>9/</u>	030	15.50	9.51	1.8052
Central (Kansas City) <u>10/</u>	032	15.70	9.71	1.8072
Southwest (Dallas) <u>11/</u>	126	16.70	10.71	1.8172
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	16.05	10.06	1.8107
Pacific Northwest (Seattle) <u>13/</u>	124	15.60	9.61	1.8062
All-Market Average		16.35	10.36	1.8137

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

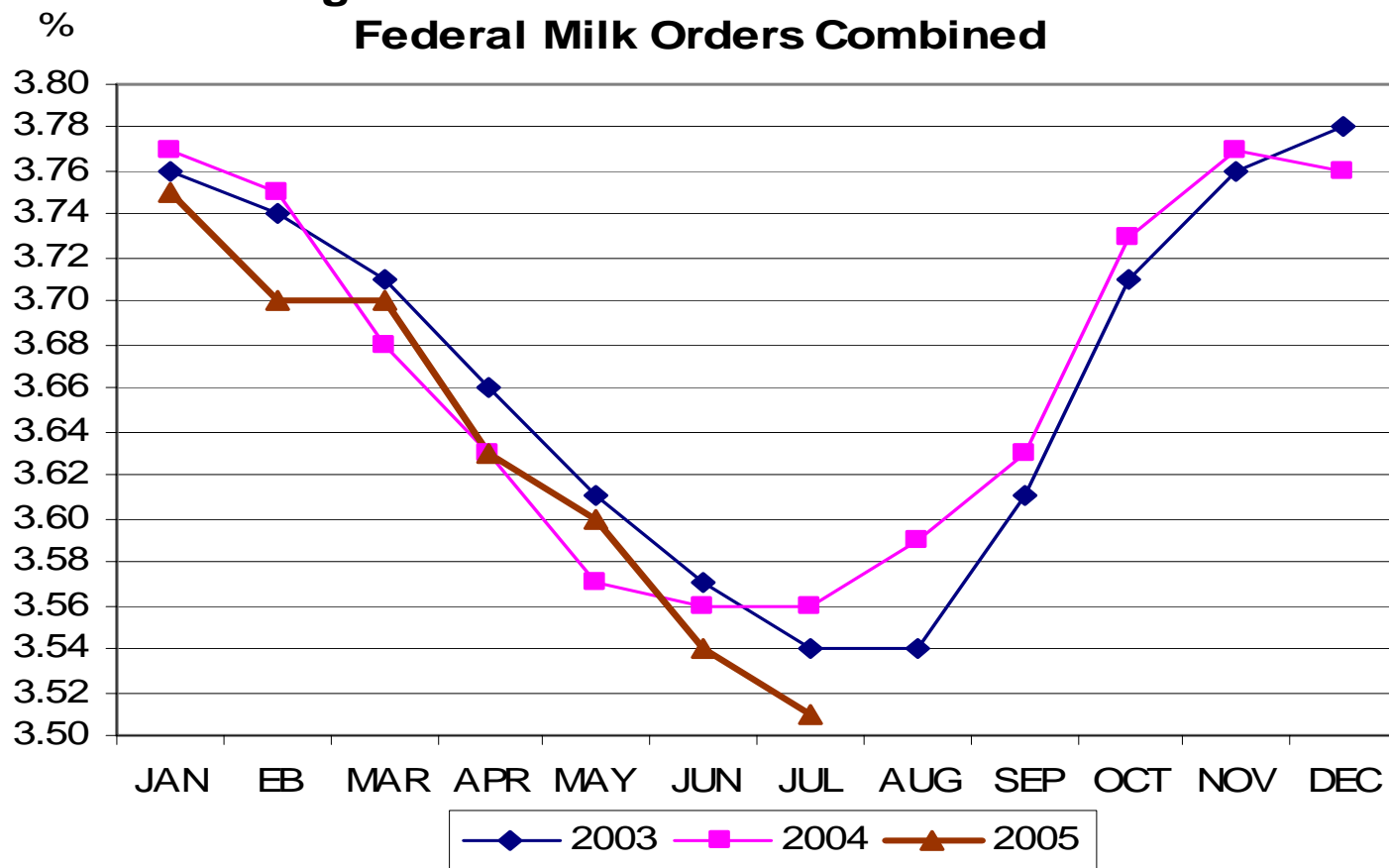
ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, SEPTEMBER 2005, WITH COMPARISONS ^{1/}

For September 2005, the all-city average announced cooperative Class I price was \$17.89 per cwt., \$1.66 higher than the Federal milk order Class I price average for these cities. The September cooperative Class I price was \$.61 lower than the August price, while the Federal order price was \$.74 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.08 in Miami, FL. For September 2004, the all-city average announced cooperative Class I price was \$18.05, \$1.58 higher than the Federal order Class I price average for these cities.

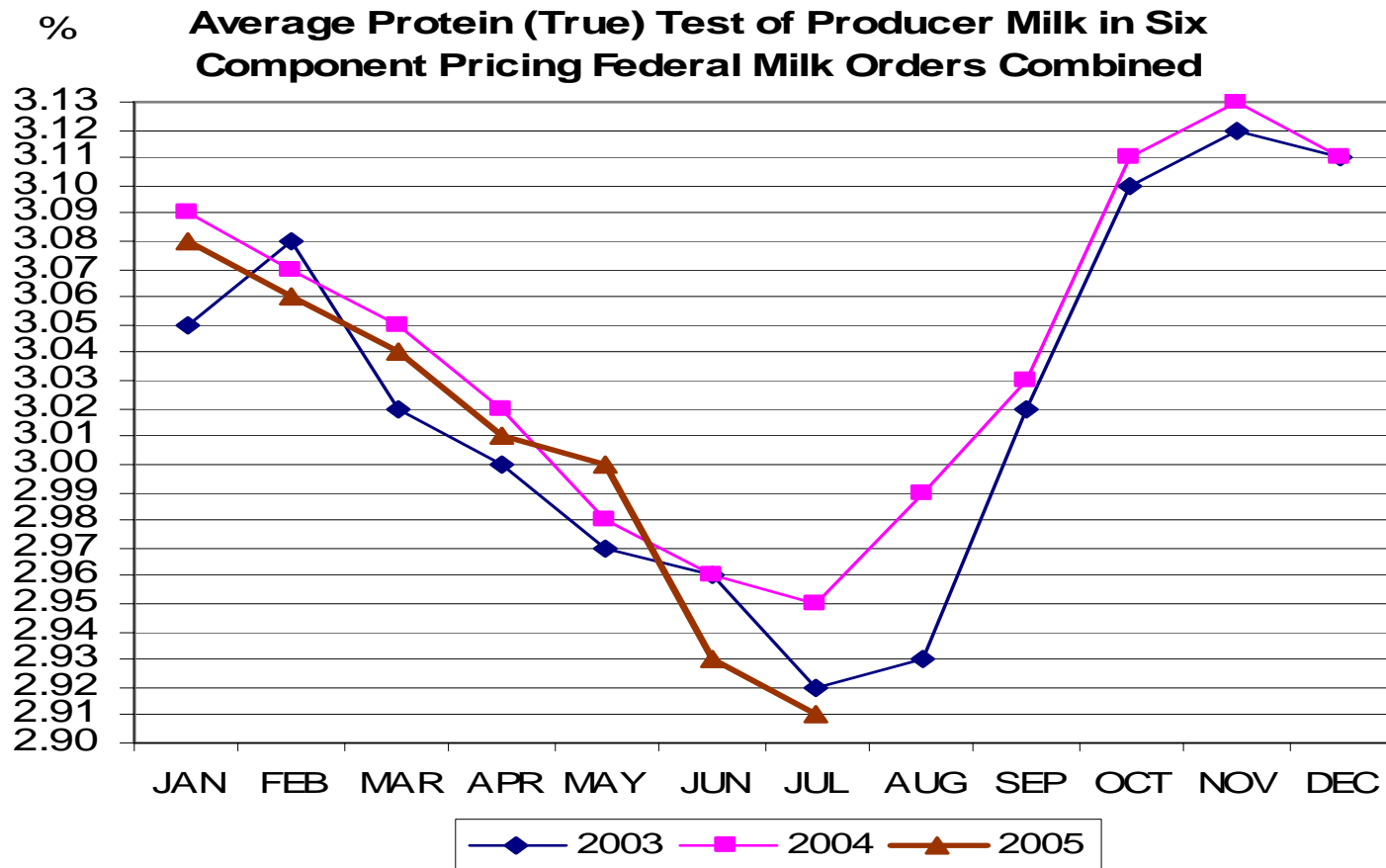
City	September 2005		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	18.81	16.80	2.01
Baltimore, MD	18.50	16.70	1.80
Boston, MA	18.45	16.95	1.50
Charlotte, NC	18.81	16.80	2.01
Chicago, IL	18.18	15.50	2.68
Cincinnati, OH	17.76	15.90	1.86
Cleveland, OH	17.56	15.70	1.86
Dallas, TX	17.70	16.70	1.00
Denver, CO	17.10	16.25	0.85
Des Moines, IA	17.25	15.50	1.75
Detroit, MI	17.37	15.50	1.87
Hartford, CT	18.35	16.85	1.50
Houston, TX	18.30	17.30	1.00
Indianapolis, IN	17.56	15.70	1.86
Kansas City, MO	16.94	15.70	1.24
Louisville, KY	17.91	15.90	2.01
Memphis, TN	18.31	16.50	1.81
Miami, FL	21.08	18.00	3.08
Milwaukee, WI	18.13	15.45	2.68
Minneapolis, MN	17.38	15.40	1.98
New Orleans, LA	19.11	17.30	1.81
Oklahoma City, OK	17.35	16.30	1.05
Omaha, NE	17.00	15.55	1.45
Philadelphia, PA	18.85	16.75	2.10
Phoenix, AZ	16.20	16.05	0.15
Pittsburgh, PA	17.82	15.80	2.02
St. Louis, MO	17.25	15.70	1.55
Seattle, WA	16.02	15.60	0.42
Springfield, MO	16.95	15.90	1.05
Washington, DC	18.50	16.70	1.80
Simple Average	17.89	16.23	1.66

^{1/} This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 22 - 26, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 08/19/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	-0-	-0-	-0-	31,817,269	344,658,266	-0-	552,313,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	344,539,218	-0-	598,704,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 22 - 26, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	0.8	41.3
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	74.9	4,010.4
CUMULATIVE JAN. 1 - AUG. 19, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	49.4	2,661.2

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	8,493,089	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	331,762,355	92.4	96.2
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.3
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	344,539,218	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/06/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	5.9	2.2	12.2	2.4	0.5	N.A.	12.5	1.6	38.8	1,345.2
2004-Dairy	N.A.	0.7	5.9	2.2	18.8	2.4	0.7	N.A.	11.4	1.8	45.0	1,424.0
2005-All cows	N.A.	0.6	7.3	10.4	22.6	11.4	8.3	N.A.	14.5	1.9	79.3	2,851.1
2004-All cows	N.A.	0.7	7.2	11.4	28.7	14.6	12.0	N.A.	13.4	4.5	95.4	3,063.0

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70			
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79					
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35					
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm